

Top Secret

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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday October 12, 1976 CI NIDC 76-239C

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NATIONAL SECURITY INFORMATION

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State Dept. review completed

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Approved For Release 2007/03/06 : CIA-RDP79T00975A029400010018-6

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National Intelligence Daily Cable for Tuesday October 12, 1976.

The NID Cable is for the purpose of informing senior US officials.

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CONTENTS

CHINA: Hua's Promotion	Page 1
LEBANON: Situation Report	Page 3
USSR: Grain Forecast	Page 5
THAILAND: Chalot Dismissed	Page 7
ARGENTINA: New Cabinet Position	Page 8
TUNISIA: Bourguiba Health	Page 9

CHINA: Hua's Promotion

25X1 [] The evidence is strong that Hua Kuo-feng has been named chairman of the Chinese Communist Party and chairman of the important Military Affairs Commission in succession to Mao Tse-tung. The absence of an official announcement to this effect, despite the presence of wall posters in Peking "hailing" these promotions, suggests, however, that some sort of crisis has complicated implementation of the decision.

25X1 [] The US Liaison Office has observed posters specifically stating that Hua is now Party chairman. In addition, Politburo member Li Hsien-nien told Senator Mansfield Saturday that Hua had "succeeded" Mao. Taken together with official media references to Hua as "head" of the party Central Committee, this seems conclusive evidence that a decision to promote Hua had been taken, presumably by the Politburo, which remained in continuous session from Mao's death until late last month.

25X1 [] The delay in an official announcement of the promotion, coupled with a warning contained in a major editorial published Saturday against "intrigues and conspiracy" and attempts to topple the party, and indications that a hurried leadership meeting took place on Saturday strongly suggest that a crisis has developed.

25X1 [] The Liaison Office believes that at a minimum serious resistance to Hua's elevation has surfaced. Li Hsien-nien's comments to Senator Mansfield Saturday, however, suggest that whatever problems have arisen have delayed rather than permanently blocked public acknowledgment of Hua's promotion. Whatever behind-the-scenes maneuvering is going on, Hua seems personally to be in good standing. He appeared publicly yesterday to meet a foreign visitor.

25X1 [] Some clues appear to be contained in two reports received by the Liaison Office indicating that the four leading leftists on the Politburo have been purged. One of these reports states that lower level cadre in Peking have been told that the four leftists have been arrested for alleged complicity in a coup d'etat--presumably against Hua. We suspect this story is widely circulating in Peking.

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[] In any event, Chinese media have been referring to Mao's struggle against "left opportunism"--a phrase conspicuously absent during the political turmoil before his death. If cadre have in fact been briefed, the arrests are very likely to have taken place.

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[] There are, however, thus far no indications of heightened security precautions in Peking, nor any indications as yet of military alerts in the Peking area or elsewhere in China.

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[] In the event of a purge of this magnitude, the surviving leaders would need to inform members of the Central Committee of the charges against the "leftists," and there would be an obvious need to hammer out new leadership arrangements at the levels immediately below Hua.

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[] If the four leading leftists--one of whom is Mao's widow, Chiang Ching--have indeed been purged, a major realignment of political forces has occurred. Centrist and "rightist" civilians, together with important military leaders, would now be dominant, and an important source of friction in the leadership would have been removed at a single stroke.

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[] Other major appointments which have been hanging fire for some time might now be made. Wu Te, the "rightist" party boss of Peking, would be likely to become chairman of the National People's Congress--the equivalent of head of state. Speculation has already begun that Hua, who was still being identified as Premier yesterday, will now relinquish that job.

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[] If the leftist stalwart First Vice Premier Chang Chun-chiao has fallen, Li Hsien-nien would be a logical candidate for that important post. Li, a "rightist" and close associate of the late Chou En-lai, has not been especially active as vice premier this year.

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25X1 [] He emerged over the weekend, however, along with his wife, to meet two important foreign visitors. Li's high visibility contrasts sharply with that of Chang Chun-chiao, who has not appeared in public since last month.

25X1 [] If the decision to elevate Hua to the chairmanship of the party and of the Military Affairs Commission sticks, it indicates that he has secured the strong backing of the military establishment. The military might, however, attempt to extract a reward for its support, and there is room for friction between the civilian leadership and some military leaders.

25X1 [] Assuming Hua weathers the immediate crisis, his future relationship with the powerful commander of the Peking Military Region, Chen Hsi-lien, could prove to be the key as to whether leadership stability can now be achieved. 25X1 []

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LEBANON: Situation Report

25X1 [] Despite Arab League mediator Hasan Sabri al-Khuli's announcement yesterday of a "tentative agreement" reached during talks over the weekend between representatives of the Syrians, Palestinians, and Lebanese President Sarkis, differences among the negotiators apparently still exist.

25X1 [] Al-Khuli claims the agreement--providing for an immediate end to hostilities--will be submitted today to Syrian President Asad, Palestine Liberation Organization head Yasir Arafat, and Sarkis. If they agree, it will be signed by the negotiators at Shaturah tomorrow.

25X1 [] The official Syrian news agency, however, ignored al-Khuli's remarks and noted only that the negotiators will meet again tomorrow to discuss "disputed points."

25X1 [] // Palestinian leaders continue to believe that Asad is bent on enforcing a military solution.// Press reports indicate that they suspect the Syrians are using the Shaturah talks as a screen behind which they can complete their preparations for a new offensive.

25X1 [] Opposition to the talks from Lebanese leftist leaders, radical Palestinian commando groups, and the principal Christian leaders--all excluded from the Shaturah meetings--casts additional doubt on chances for success. Leftist leaders Friday night reportedly rejected in advance any settlement reached without their participation, and a leftist radio station in Beirut has denounced the talks as an attempt by the Syrians and Christians to split the leftist-Palestinian alliance.

25X1 [] Several radical Palestinian groups have predicted that the talks will fail--a forecast echoed by Christian Phalanges leader Pierre Jumayyil. Camille Shamun, the most intransigent of the Christian leaders, has also refused to be bound by decisions reached at Shaturah.

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25X1 [] The Syrians and Christians--encouraged by their successful offensive late last month against Palestinian and leftist positions in the Mount Lebanon area--probably believe they are unlikely to be satisfied by the relatively minor concessions offered by Arafat. At a minimum, they probably will continue to demand an unequivocal commitment by the Palestinians and leftists to abide fully by the terms of previous agreements restricting fedayeen activities in Lebanon.

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25X1 [] The Palestinians believe that Syrian forces will soon launch a new offensive against the coastal

cities of Sidon, Tyre, and Tripoli and cut the Beirut-Sidon road to keep supplies from reaching west Beirut.//

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25X1 [] There were clashes along Beirut's confrontation line throughout the weekend, with heavy shelling in the commercial district and southern suburbs. Small-scale clashes and artillery exchanges also continued in the mountains around Alayh and in the north at Zagharta and Tripoli. In the south, Christian units at Qulayah continued to shell Palestinian and leftist forces at Marj Uyun.

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USSR: Grain Forecast

25X1 [] Prospects remain good for a bumper grain harvest in the USSR, although various methods of predicting the crop and the range of Soviet statements still leave room for a fairly wide range of possibilities.

25X1 [] Our current estimate of Soviet grain production, based on all-source information on weather and crop conditions, is 205 million metric tons, up 5 million tons from our early September estimate. The US Department of Agriculture puts the Soviet crop at 215 million tons.

25X1 [] With a grain crop of 205 million tons, plus expected imports, the Soviets' grain supplies will be sufficient to maintain their momentum in rebuilding the livestock sector, improve the quality of bread and other consumer products, and start restocking depleted grain reserves.

25X1 [] Statements of Soviet officials on this year's harvest range from 195 million tons to a new record that would exceed the 1973 crop of 222.5 million tons.

25X1 [] In late August, Soviet Minister of Agriculture Mesyats indicated that the grain harvest would be over 200 million tons. In mid-September, another ministry official, in a conversation with the US agricultural attache in Moscow, said that the harvest should be "more than 200 million tons, but we must see how much more." He then backtracked to say "it could also be around 195 million tons."

25X1 [] General Secretary Brezhnev told Ambassador Harriman on September 22 that "the 1976 grain harvest is expected to be even better than in 1973, which was a record year." Last Tuesday Brezhnev predicted to a French TV interviewer that the USSR would enjoy "a very good harvest of grain crops."

25X1 [] //Numerous Soviet regional yield and production figures have appeared in the Soviet press, covering an area of approximately 61 million hectares, or 47 percent of the area sown to grain. In many instances these yields exceed those incorporated in our estimate. []

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25X1 [] Even though harvesting was complete on nearly 117 million hectares--approximately 94 percent of the area sown to grain excluding corn--by last Monday, considerable uncertainty remains. Much of the unharvested area is east of the Ural Mountains, where conditions usually deteriorate during October. Corn production hinges on good early October weather in the Ukraine.

25X1 [] We still believe that the USSR this year will purchase abroad about 14 million tons, a little more than half the amount bought in 1975. This would cost roughly \$2 to \$2.5 billion, compared with the nearly \$4 billion spent for last year's

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purchases. So far this year, the USSR has bought 12.5 million tons of grain--6 million tons of wheat and 6.5 million tons of corn--and 2 million tons of soybeans.

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[] Of this amount, the US will supply 10.2 million tons. The USSR has bought 6.3 million tons under the first year of the US-USSR grain agreement and must buy about 500,000 tons more of wheat to satisfy the provision that the first 6 million tons be equally divided between wheat and corn.

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[] //The last Soviet purchasing round of the year could be under way. Speculation in world grain markets is that the USSR will contract for another million tons of grain from the US and 1 to 2 million tons from other countries.//

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[] So far, the Soviets have promised little grain to their traditional customers. We expect that about 2 to 3 million tons of grain will be shipped to Eastern Europe. Should the Soviet harvest exceed our expectations, Eastern Europe might well press for additional amounts of grain from the Soviets, but will remain dependent on Western suppliers during the 1976-1977 marketing year. []

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THAILAND: Chalot Dismissed

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[] //The abrupt dismissal on Saturday of General Chalot, a former deputy army commander attached to the Ministry of Defense, was meant to warn senior officers outside the new National Administrative Reform Council--as well as subordinate troop commanders--of the hazards of joining any countercoup attempt.//

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[] //Chalot and two other senior officers were ordered to report to the NARC Saturday evening to answer questions regarding their alleged plotting against the council. When Chalot failed to appear, he was dismissed from active service.//

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[] //Admiral Sa-ngat, chairman of the NARC, has been concerned about the intentions of former Thai Nation Party leaders--and their associates in the military such as Chalot--who were frustrated by their removal from positions of power.

None of these figures commands troops, and their chances of pulling off a successful counter coup are highly doubtful.//

25X1 [] //Nonetheless, the NARC called a full police alert
25X1 for the Bangkok area on Saturday []

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25X1 [] There are simmering problems within the Council.
The expansion of the NARC to include several more army officers has soothed the army's initial disgruntlement at their limited representation, //but some army officers on the council are arguing for extending the longevity of the Council.//

25X1 [] //Admiral Sa-ngat apparently hopes that the rapid formation of a civilian caretaker administration will defuse the growing ambitions of some military officers for a greater political role.// Thanin Kraiwichian, a Supreme Court justice known for conservative but not extreme right-wing views, was appointed prime minister on Friday, and a cabinet is expected to be formed within two weeks.

25X1 [] Bangkok remains quiet; the students arrested last Wednesday are gradually being released on bail. The left is in disarray and may be going underground. A more serious threat of disruptions in the immediate future lies with ambitious army officers within the NARC who may be loath to give up the power that has fallen into their laps. []

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ARGENTINA: New Cabinet Position

25X1 [] //The government's announcement that it has created the new cabinet post of planning minister may be a prelude to further changes at the top. General Diaz Bessone, a tough regional army corps commander, is virtually certain to get the new job.//

25X1 [] //The planning minister will coordinate the activities of the other ministries. One purpose is to centralize

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President Videla's authority over the government. Videla has been criticized by some in the military who believe he has not been assertive enough and that government policy has lacked direction.//

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[] //Videla may also believe that it is time to devote increased attention to other important issues in addition to economic recovery and counterinsurgency. Resolution of the difficult problem of the status of organized labor could be one of these issues.//

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[] //The President may also wish to delegate some of his day-to-day responsibility as army commander in chief. Videla is said to want to create the new post of deputy army commander to be filled by a trusted aide. Other changes in regional corps commanders may come in the near future, since the next promotion cycle is approaching.//

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[] //Diaz Bessone is apt to interpret rather broadly the guidelines set for the new ministry. Such an approach to the job may also be encouraged by new succession provisions, under which he will head the entire executive branch in the event of the President's absence or illness. []

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TUNISIA: Bourguiba's Health

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[] President Habib Bourguiba flew to Geneva yesterday for rest and treatment, according to an official communique.

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[] //Most Tunisian government officials and the Tunisian people in general are resigned to the fact that the "Bourguiba era" is drawing to a close. Prime Minister Hedi Nouira, the constitutional successor to Bourguiba, is running the day-to-day operations of the government and playing an increasingly active role in state affairs.// []

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